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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 566

PAUL WHITEMAN,

Petitioner,

—against—

RCA MANUFACTURING COMPANY, INC., W. B. O. BROADCASTING CORPORATION and ELIN, INC.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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THE COURT PRESS, N. Y. C.

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PAUL WHITEMAN,

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RCA MANUFACTURING COMPANY, INC., W. B. O. BROADCASTING CORPORATION and ELIN, INC.,

Respondents.

Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Paul Whiteman, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit to review a judgment of that Court entered on August 14, 1940 (R. 472).

Summary Statement of the Matter Involved.

This was an action for an injunction, brought in the United States District Court for the Southern District of New York, to restrain the broadcasting of phonograph records made and sold for non-commercial, home use.

Petitioner is the conductor and proprietor of an orchestra known as "Paul Whiteman and His Orchestra" which engages, *inter alia,* in radio broadcasting and phonograph recording. He has attained celebrity as a unique interpretive artist (R. 414; 223).

Petitioner and his orchestra rendered musical performances of which phonograph records were made and sold by respondent RCA Manufacturing Company, Inc. (hereinafter called RCAM) pursuant to three contracts entered into in the years 1924 (Ex. 4; R. 338; 53), 1931 (Ex. 5; R. 342; 54) and 1934 (Ex. 6; R. 343; 54) respectively. Respondent W. B. O. Broadcasting Corporation (hereinafter called W. B. O.) broadcast nine of these records, purchased by it, over its radio station WNEW, on a program sponsored by respondent Elin, Inc. (hereinafter called Elin) (R. 425-6). Petitioner thereupon instituted an action against W. B. O. and Elin to restrain them.

By leave of the District Court, RCAM filed the complaint at bar, as ancillary to the petitioner's suit, naming as defendants the petitioner, W. B. O. and Elin (R. 438-9). Petitioner in his Answer claimed for himself the rights and relief sought by RCAM (R. 19-20). Thereafter he discontinued his suit without prejudice, by order signed by District Judge Leibell (R. 439), leaving the ancillary action which proceeded to judgment.

There was affirmative evidence that five of the nine Whiteman records broadcast bore on their labels the notice "Not Licensed for Radio Broadcast". Records issued after August 15, 1937 bore an amplified notice restricting them to non-commercial use on phonographs in homes (R. 421; 67). These restrictive notices came to the attention of W. B. O. (R. 132-3).

After trial, District Judge Leibell made extensive

findings of fact, among them: that petitioner, by reason of his skill, labor and capital has built up a well-known orchestral organization and created valuable goodwill in his name and personality (R. 414); that his orchestra reflects his musical style and personality, which are recognizable by the public (R. 424); that W. B. O.'s broadcasts of records are accompanied by deceptive announcements designed to induce radio listeners to believe they are listening to a "live" orchestra when they are in fact listening to a phonograph record; that the record broadcasts create a false impression as to petitioner's present performances, which excel his earlier ones.

The trial Judge also found that broadcasts of phonograph records are based upon the name and appeal of the performing artist; that their excessive repetition prevents him from contracting for his exclusive services, as well as the exclusive use of his name in broadcasting by a particular sponsor (R. 427-8); that they result in unemployment of musicians (R. 432). He further found that petitioner and W. B. O. are competitors: both being engaged in the business of selling entertainment to the public (R. 427).

Concerning petitioner's right to injunctive relief it was claimed below: (1) that as an interpretive performing artist he has a common law property right in his renditions, enabling him to limit or control their use in the hands of purchasers of the records; (2) that this right survived the sale of the records; (3) that the notices on the records created an enforceable equitable servitude on their use; (4) that the broadcast of the records constituted unfair competition with him; (5) that the unauthorized use of his name in connection with the broadcasts consti-

tuted unfair competition and a misappropriation of his goodwill and property rights therein; (6) that under his contracts with RCAM these rights were his exclusively and that RCAM had no rights in the action.

The District Judge held that under the contracts of 1924 and 1931 petitioner's rights had passed to RCAM, but that under the contract of 1934 he had reserved them (R. 434-5). Accordingly, in respect of records made under the last contract, W. B. O. and Elin were enjoined from competing unfairly with petitioner and from violating his common law property rights by their broadcasts. W. B. O. and Elin were enjoined from violating RCAM's rights by broadcasting records bearing restrictive use notices and from competing unfairly with it by broadcasting any of its records. Petitioner was enjoined from assuming to control the use of records made under the contracts of 1924 and 1931, and from claiming the "sole" right to license his records made under the contract of 1934 (R. 451-3).

Petitioner appealed to the Circuit Court because: (1) it was held that he had lost rights under the contracts of 1924 and 1931 to RCAM; (2) he sought to amplify the grounds (stated above) upon which his injunction was granted; (3) his right to relief excluded any relief to RCAM. RCAM appealed because: (1) as manufacturer of phonograph records, it claimed to have a right of "intellectual property" in them, and thereby sought to amplify the grounds upon which its injunction was granted; (2) the petitioner was granted relief. W. B. O. appealed because any relief was granted against it. Elin did not appeal.

The Circuit Court reversed the judgment of the District Court on the grounds: (1) that sale of the

phonograph records constituted "publication" thereof, notwithstanding the restrictive notices, thereby terminating all common law property rights in the records and the performances; (2) that the restrictive use notices on the records did not create a valid equitable servitude thereon; (3) that the broadcast did not constitute unfair competition.

Jurisdiction.

Jurisdiction is invoked under section 240 (a) of the Judicial Code (28 USCA, sec. 347 (a)).

Cases believed to sustain the jurisdiction are: *Forsyth* v. *Hammond,* 166 U. S. 506; *International News Service* v. *Associated Press,* 248 U. S. 215; *Magnum* v. *Coty,* 262 U. S. 159, 163; *Erie R. Co.* v. *Tompkins,* 304 U. S. 64; *Ruhlin* v. *N. Y. Life Ins. Co.,* 304 U. S. 202.

Questions Presented.

District Judge Leibell held that the conductor of an orchestra (the petitioner) has a common law property right in his interpretive musical renditions enabling him to control or limit their use (R. 433). The Circuit Court's consideration of the case proceeded on the expressed assumption that petitioner enjoys this right (R. 465). The questions raised by this case are accordingly as follows:

1. Whether common law property rights in recorded musical renditions, which are admittedly not copyrightable under the Copyright Law of the United States (R. 468), can be lost by publication?

2. Whether sale of phonograph records constitutes publication of the common law property rights of the performing artist in his musical renditions inscribed thereon?

3. Whether sale of phonograph records bearing restrictive notices against their use for broadcasting or other commercial purposes constitutes publication of the common law property rights of the performing artist in his musical renditions inscribed thereon?

4. Whether restrictive notices against broadcasting or other commercial uses, appearing on phonograph records, create an equitable servitude thereon, enforceable by the performing artist against purchasers of the records having knowledge of the restrictions?

5. Whether the unauthorized broadcast of phonograph records of musical renditions constitutes unfair competition with the performing artist who himself engages in radio broadcasting?

6. Whether the use of the name of a performing artist in connection with the unauthorized broadcast of phonograph records of his musical renditions constitutes unfair competition with him and an unlawful appropriation of his goodwill and property in his name?

(Subsidiary questions herein, reserved by the Circuit Court in view of its determination that the common law rights in petitioner's musical renditions had been lost by publication and that there was no unfair competition, may be posed as follows:)

7. Whether petitioner's common law property

rights in his recorded musical renditions passed to RCAM by virtue of their contracts of 1924 and 1931?

8. Whether, if petitioner's common law property rights did not pass to RCAM, his reserved rights did not preclude any relief to RCAM?

9. Whether, if petitioner's common law property rights passed to RCAM, petitioner was nonetheless entitled to injunctive relief on the ground of unfair competition and misappropriation of his goodwill and property in his name?

Reasons for Granting the Writ.

A. Conflict With Applicable Decisions.

It is submitted that the Court below has decided important questions of New York law in a way probably untenable and in conflict with applicable local decisions; decisions of this Court; decisions of the same Circuit Court; and a decision of the Pennsylvania Supreme Court which took its authority from New York precedents so established. Its decision is also in conflict with decisions of other Circuit Courts on similar matters—as below indicated:

1. The decision of the Court below, holding that sale of phonograph records constitutes publication of the musical renditions inscribed thereon, is in conflict with its own decision in *Universal Film Mfg. Co.* v. *Copperman*, 218 F. 577 (C. C. A. 2, 1914), which affirmed 212 F. 301 (D. C. S. D. N. Y.); with the decision in *DeMille* v. *Casey*, 121 Misc. 78 (N. Y. 1923); and with *Wheaton* v. *Peters*, 33 U. S. 591, which was interpreted by *Holmes* v. *Hurst*, 174 U. S. 82, as em-

bodying the doctrine of *Donaldson* v. *Becket*, 2 Bro. P. C. 129 (1774).

2. The decision, holding that sale of phonograph records bearing restrictive use notices constitutes publication of the musical renditions inscribed thereon, is in conflict with *American Tobacco Co.* v. *Werckmeister*, 207 U. S. 284, affirming the decision of the same Court in 146 F. 375 (C. C. A. 2, 1906), which is the leading case on the subject of publication in the United States. The cited case was relied on by *Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433, which in turn was the basis of *Waring* v. *Dunlea*, 26 F. Supp. 338 (D. C. E. D. N. C., 1939).

3. The decision, holding that restrictive use notices on the records did not create a valid equitable servitude, is in conflict with its own decision *In re Waterson, Berlin & Snyder* v. *Irving Trust Co.*, 48 F. (2d) 70 (C. C. A. 2, 1931); and with *New York Bank Note Co.* v. *Hamilton*, 180 N. Y. 280 (1905); *Murphy* v. *Christian Press Assoc. Pub. Co.*, 38 App. Div. 426 (N. Y. 1899); *Oregon Steam Nav. Co.* v. *Winsor*, 20 Wall. 64; *Great Lakes etc. Distributors Co.* v. *Scranton Coal Co.*, 239 F. 603 (C. C. A. 7, 1907); and *Lorillard* v. *Weingarden*, 280 F. 238 (W. D. N. Y. 1922).

(*Burrow-Giles Lith. Co.* v. *Sarony*, 111 U. S. 53, indicates the propriety of reference to decisions of the English courts.) The decision of the Court below is in conflict with the following English decisions: *DeMattos* v. *Gibson*, 4 DeG. & J. 276, 45 Eng. Rep. 108 (1858); *Werderman* v. *Société Générale D'Électricité* (1881), 19 Ch. D. 246; and *Lord Strathcona Steamship Co.* v. *Dominion Coal Co.* (1926), A. C. 108.

The decision, further, is in conflict with *Waring* v. *WDAS, supra,* which has purported to follow the law of the State of New York on this matter.

4. The decision, holding that the broadcast did not constitute unfair competition with petitioner, is in conflict with *International News Service* v. *Associated Press,* 248 U. S. 215, which affirmed the decision of the same Court in 245 F. 244 (C. C. A. 2, 1917); and with *Associated Press* v. *KVOS,* 80 F. (2d) 575 (C. C. A. 9, 1933); *Uproar Co.* v. *National Broadcasting Co.,* 81 F. (2d) 373 (C. C. A. 1, 1926); *Twentieth Century Sporting Club, Inc.* v. *Transradio Press Service, Inc.,* 165 Misc. 71 (N. Y. 1937); *Fonotipia* v. *Bradley,* 171 F. 951 (C. C. E. D. N. Y. 1909); and *Meyer* v. *Hurwitz,* 10 F. (2d) 1019 (C. C. A. 3, 1926), which affirmed 5 F. (2d) 370 (D. C. E. D. Pa. 1925).

The decision, further, is in conflict with *Waring* v. *WDAS, supra,* which, relying upon the cited decisions, has purportedly followed the law of the State of New York on this matter.

B. Concerning the Importance of the Questions Presented.

When the problems of this case arose in *Waring* v. *WDAS Broadcasting Station, supra,* they were new to Anglo-American law. The novelty lay mainly in the specific subject matter; relief was indicated by existing categories of the law.

But public concern in the basic issue is as old and as great as the art of music; new devices give it only new direction: This public interest, today, is that musical artists shall go on creating their art in durable form, freely, and free of piratical abuses.

For radio and phonography have brought with their progress problems which are acutely real to the Toscaninis, the Kreislers and the Tibbetts, the War-

ings and the Whitemans. Devices which carry their art beyond time and space have become potential instruments of their economic destruction. A vicious kind of unfair competition has arisen, unique because, against his will, it has put the artist in competition with himself.

Everywhere the facts are observable: records made for listeners before phonographs at home are commercially exploited in broadcasting, in coin-operated music machines, dance-halls, theatres, skating-rinks, hotels and elsewhere. This endless "plugging" loses the artist his favor and shakes his security. If, in his effort to right these dislocations, he stops making records, our culture (as the *Waring* case indicated) loses.

The *Waring* case, in declaring the law of its State, patently was affirming the law of New York by strong reliance upon its decisions. The decision of the Court below has created obvious uncertainty where there should be certainty.

These issues will probably come before other courts and a search for precedents will ensue. Whether musicians have the rights here claimed and whether they have been invaded present vital issues against a broad public background. The need for an accurate, authoritative precedent is great.

WHEREFORE, it is respectfully submitted that this petition for a writ of certiorari to review the judgment of the Circuit Court of Appeals should be granted.

Dated, November 8, 1940.

MAURICE J. SPEISER,
Attorney for Petitioner.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions Below.

The opinion of District Judge Vincent L. Leibell is reported in 28 F. Supp. 787.

The opinion of the Circuit Court of Appeals is reported in 114 F. (2d) 86.

Jurisdiction: The grounds upon which the jurisdiction of this Court is invoked are set forth in the petition, page 5, *supra*.

Statement: A statement of the case containing matters material to consideration of the questions presented appears in the petition, page 1, *supra*.

Specification of Errors.

The Circuit Court of Appeals erred:

1. In holding that common law property rights in musical renditions inscribed on phonograph records can be lost by publication.

2. In holding that sale of phonograph records constitutes publication of the musical renditions inscribed thereon.

3. In holding that sale of phonograph records bearing restrictive notices against their use for broadcasting or other commercial purposes constitutes publication of the musical renditions inscribed thereon.

4. In holding that restrictive notices against broadcasting or other commercial uses appearing on phonograph records are unreasonable and unenforceable

against purchasers of the records having knowledge of the restrictions.

5. In holding that the unauthorized broadcast of phonograph records of musical renditions does not constitute unfair competition with the performing artist who himself engages in radio broadcasting.

6. In failing to hold that use of a performing artist's name in connection with the unauthorized broadcast of phonograph records of his musical renditions constitutes unfair competition with him and an unlawful appropriation of his goodwill and property in his name.

7. In failing to hold that petitioner's common law property rights in his renditions did not pass to RCAM under the 1924 and 1931 contracts.

8. In failing to hold that petitioner alone is entitled to injunctive relief against W. B. O. and Elin.

9. In failing to grant petitioner an injunction against W. B. O. and Elin, having held: "insofar as radio announcers declare, directly or indirectly, that the broadcast of a Whiteman record is the broadcast of a Whiteman performance, that conduct is a tort which Whiteman could enjoin. That would indeed be unfair competition" (R. 471).

Summary of the Argument.

I. Petitioner has common law property rights in his recorded musical renditions, enabling him to control their use for broadcasting or other commercial purposes.

II. His rights were not lost upon sale of the records because: (A) the restrictive notices on the records qualified their permissible use and so prevented publication; (B) the very nature of the phonograph record indicates the limited form of its publication: it is intended for listeners at a phonograph, not for radio audiences; (C) dissemination of his records for use by the public does not legally justify commercial use by competitors; (D) recorded renditions cannot be "published" since they are not copyrightable under the Copyright Act; (E) dissemination of a performance, as by radio, is not publication; nor is sale of records, which is dissemination of a performance in tangible, marketable form.

III. The use restrictions on the records are "reasonable", and so enforceable as valid equitable servitudes.

IV. The broadcast of petitioner's records constituted unfair competition with him.

V. Petitioner has goodwill and property rights in his and his orchestra's names which are violated by their use in connection with broadcasts of records—a form of unfair competition.

VI. Petitioner is entitled to equitable relief against the respondents who were respectively the plaintiff and his co-defendants in the District Court.

POINT I.

Petitioner has common law property rights in interpretive musical renditions of his orchestra.

Petitioner's common law property right in his musical renditions was recognized by the District Court (R. 433) and conceded by respondent RCAM (R. 442-3). The Circuit Court's opinion proceeded on the expressed assumption of this right (R. 465).

This is the generic right accorded those who create "products of mental labor" and exists in their intellectual and artistic productions. *Palmer* v. *De Witt,* 47 N. Y. 532 (1872); *Aronson* v. *Baker,* 43 N. J. Eq. 365, 367 (1887). Having developed in a dynamic society of invention and culture, it has continually enlarged its scope to include new species of works, new subjects of protection.

This right was first enunciated in *Fred Waring* v. *WDAS Broadcasting Station,* 327 Pa. 433, 194 Atl. 631 (1937) hereinafter cited as the *Waring* case; followed by *Waring* v. *Dunlea,* 26 F. Supp. 338 (D. C. E. D. N. C. 1939). Mr. Justice Stern in the *Waring* case, at pages 440, 441, expressed it as follows:

> "The law has never considered it necessary for the establishment of property rights in intellectual or artistic productions that the entire ultimate product should be the work of a single creator; such rights may be acquired by one who perfects the original work or substantially adds to it in some manner * * *. A musical composition in itself is an incomplete work; the written page evidences only one of the creative acts which are

> necessary for its enjoyment; it is the performer who must consummate the work by transforming it into sound. If, in so doing, he contributes by his interpretation something of novel intellectual or artistic value, he has undoubtedly participated in the creation of a product in which he is entitled to a right of property, which in no way overlaps or duplicates that of the author in the musical composition."

Literary property, as a legal concept and a legal right, has never been confined to literary creations. The principle of ownership, according to Drone, *Property in Intellectual Productions* (1897) 5, is applied to all labor—whether of the body or mind; "* * * neither in its origin nor in its essential qualities is literary property *sui generis;* but, it is simply a division, a species of general property. It is subject to all the fundamental rules governing the acquisition, possession and transmission of property".

Embodiment of petitioner's renditions in records was not necessary to the existence of this property. "The true test," says Drone (p. 98), "is not whether the thing is corporeal or incorporeal, not whether it is attached to a material substance but whether it is capable of identification, so that exclusive ownership may be asserted. * * * When a composition has not been reduced to writing, it may be more difficult and in some cases impracticable to prove the ownership, and thereby establish a title to ownership. But the manuscript is but a means of proof." And see *International News Service* v. *Associated Press,* 248 U. S. 215, 240.

This right, as indicated, is an intangible right in renditions which need have no corporeal existence.

These renditions may be embodied in physical form, as petitioner's renditions were embodied in phonograph records. Such recordation, however, does not affect the right, which may exist in one person while the tangible record belongs to another (R. 445). *Stephens* v. *Cady*, 55 U. S. 528.

The right is absolute in the sense that the creator of the work may make any use or disposition of it prior to publication. *Holmes* v. *Hurst*, 174 U. S. 82; *Bartlett* v. *Crittendon*, Fed. Cas. No. 1076, 5 McLean 32. He may sell it absolutely or conditionally or he may transfer only a limited interest therein; he may license its use or restrict it in any way he sees fit; he may allow its use in designated territories and forbid it in others. 18 *Corpus Juris Secundum* 147.

POINT II.

Petitioner's common law property rights in his musical renditions were not lost by publication.

Five varying views, all reaching the same conclusion, support the point here made.

A. The View in the *Waring* Case.

This case adopted the position taken in *American Tobacco Co.* v. *Werckmeister*, 207 U. S. 284, which affirmed 146 F. 375 (C. C. A. 2, 1906), publication being such dissemination of the records as would justify the belief that it took place with the intention of rendering them common property. The test is "whether there is or is not such a surrender as permits the absolute and unqualified enjoyment of the subject matter by the public * * *. In determining

whether or not there has been such a publication the courts look partly to the objective character of the dissemination and partly to the proprietor's intent in regard to the relinquishment of his property rights" (327 Pa. at 443).

The restrictive notice in this case was identical with that in the instant case.

The cases relied on involved works performed or exhibited. The Court's orientation in the *Waring* case was obviously induced by the specific nature of the property under consideration—*recorded performances.* The same view was upheld by *Waring* v. *Dunlea, supra,* and by the District Court. Its acceptance is implicit in *Noble* v. *One-Sixty Commonwealth Ave., Inc.,* 19 F. Supp. 671, 672 (D. C. D. Mass. 1937). Sale of petitioner's records did not, by these decisions, constitute publication.

B. The View of the District Court.

The Court below amplified the doctrine declared in the *Waring* case. "The very nature of the phonograph record," it said, "indicates the limited form of its publication. It was intended for listeners at a phonograph, not for a radio audience" (R. 446). Restrictive notice, therefore, is not required: the record itself bespeaks its notice.

C. The View in the *Associated Press* Case.

International News Service v. *Associated Press,* 248 U. S. 215, 240, 241, speaking of news which had been disseminated in newspapers sold to the public, said:

> "Abandonment is a question of intent, and the entire organization of the Associated Press nega-

tives such a purpose * * * publication by each member must be deemed not by any means an abandonment of the news to the world for any and all purposes, *but a publication for limited purposes: for the benefit of the readers of the bulletin or the newspaper as such; not for the purpose of making merchandise of it as news;* * * *." (Italics supplied.)

D. Drone's View.

Drone, *Property in Intellectual Productions,* 116-120, is exponent of the view that property in artistic productions which are outside the purview of the copyright statutes is perpetual, surviving publication. *Millar* v. *Taylor,* 4 Burr. 2303 (1769) declared common law copyright to be perpetual. The rule was later confirmed by *Donaldson* v. *Becket,* 2 Bro. P. C. 129 (1774), but the common law right was held to be superseded by the Copyright Statute of Queen Anne (8 Anne c. 19 (1709)). The effect of the qualification is this: where a work is copyrightable by statute, protection ceases upon publication. Rights claimed thereafter must exist by virtue of the statute alone. But where, as here, the work is not copyrightable under the statute, the common law right exists even after publication. *Holmes* v. *Hurst,* 174 U. S. 82 interpreted *Wheaton* v. *Peters,* 33 U. S. 591 as holding that common law copyright is superseded by statutory copyright, and as embodying the doctrine of *Donaldson* v. *Becket.*

The Circuit Court's observation that this "logic, if inexorably applied, is overwhelmed by the practical absurdity of the result," since a limited statutory monopoly would be a detriment and "Omission

of property from the Act would be a bonanza to those who possessed property of that kind," (*Fashion Originator's Guild* v. *Federal Trade Commission*, 114 F. (2d) 80, 83) does not seem conclusive. It disregards the historical development of copyright and the practical advantage of statutory protection.

The Booksellers of London, who waged the "Battle of the Books", fought for statutory damages and penalties to fortify an otherwise anemic common law right. Limitation of perpetual copyright to a period of years was the "bonanza" which "society" exacted for granting the much-wanted statutory right. See Birrell, *The Law and History of Copyright in Books* (1899), 91-5, 122.

It is not likely, today, that the proprietor of any copyrightable work: a book, or song, or motion picture, would trade his limited statutory privileges for a common law right running into eternity with injunctions, but without damages or penalties.

E. An Eclectic View of Publication.

The contention that petitioner's rights were not lost by publication is supported by still a further view logically deducible from the authorities: that records of performances, are *sui generis*, being governed by the law of publication as it relates to *performances* of intellectual works.

The cases dealing with publication disclose inconsistencies in doctrine which are irreconcilable. The sale of one book, for example, constitutes publication (*Wheaton* v. *Peters, supra*); broadcasting of a radio script, reaching perhaps millions of listeners, does not (*Uproar Co.* v. *National Broadcasting Co.*, 81 F. (2d) 373 (C. C. A. 1, 1936)). Similarly, the public per-

formance of a dramatic (*Ferris* v. *Frohman*, 223 U. S. 424) or musical work (*McCarthy & Fischer, Inc.* v. *White*, 259 F. 364 (D. C. S. D. N. Y. 1919)); public delivery of a speech or a lecture (*Nutt* v. *National Institute*, 31 F. (2d) 236 (C. C. A. 2, 1929)) is not publication.

There is no parity of reasoning here and the disparity cannot be put down to accident. There was never a good reason for the distinction between literary and other property, nor for the rule holding the one to be forfeited upon publication. Judicial tendency to ameliorate the effects of the original doctrine, by precluding publication where the work is performed, exhibited or represented is thus discernible.

Records are a peculiar type of property which cannot be assimilated to books or other works addressed primarily to ocular perception. They are visually unintelligible. They are in fact a modern method of marketing a musical performance. They give out their contents *only* by audible performances. Public sale of records is no more a publication than the original performance, or a performance mechanically reproduced from records.

Such considerations must have formed the basis of the holdings of the *Waring* case, *Waring* v. *Dunlea* and the District Court. It would otherwise be difficult to explain their reliance on cases dealing with performances, for no question of performances was before them.

This view finds further support in a decision of the Second Circuit: *Universal Film Manufacturing Co.* v. *Copperman*, 218 F. 577, 579, 580 (C. C. A. 2, 1914), affirming 212 F. 301 (D. C. S. D. N. Y.) but on different grounds. Here the Court clearly indi-

cated that sale of motion picture films does not constitute publication:

> "*Sale of positive films after copyright was as consistent with its statutory ownership as was the sale of films before copyright with its common-law ownership.*" (Italics supplied.)

See also:

> *DeMille Co.* v. *Casey,* 121 Misc. 78 (N. Y. 1923).

The cases relied on by the Circuit Court (R. 468) deal with "books", which are in no way comparable to performances or records of performances where "publication" is in question. Cases defining this distinction were cited with approval by the Court below (R. 466).

The view here urged, we submit, rests on law and logic: Musical renditions embodied in phonograph records are not "publishable" short of express intention or abandonment.

POINT III.

The restrictive use notices upon petitioner's records created an enforceable equitable servitude in his favor.

Restrictions on the use of chattels are valid or not according as they are reasonable or unreasonable. A similar restriction in the *Waring* case "was not", the Court said (327 Pa. 433, 447), "unreasonable, nor did it operate in restraint of trade. It was intended to effect a legitimate purpose; indeed, unless such a restriction can be imposed and enforced, it will be impossible for distinguished musicians to

commit their renditions to phonograph records—except possibly for a prohibitive financial compensation—without subjecting themselves to disadvantages and losses which they would inevitably suffer from the use of the records for broadcasting. Such a restriction, therefore, works for the encouragement of art and artists."

Waring v. *Dunlea*, 26 F. Supp. 338, 340 (D. C. E. D. N. C. 1939) held the restriction "of the use of Complainant's interpretation" reasonable and valid, tending "to create value, and develop interest in the arts, instead of interfering with the course of trade * * *."

The Circuit Court admittedly did not "decide" the question of the equitable servitude because it thought there was publication. By way of dictum, however, it observed that if anyone may copy a rendition and use it as he pleases, "it would be the height of unreasonableness to forbid any uses to the owner of the record * * *" (R. 466-7).

This dictum rests on false premises and an inverse definition of reasonableness. It assumes: (1) that there was publication; (2) that anyone was free to copy and use the renditions, notwithstanding that under *Fonotipia* v. *Bradley*, 171 F. 951 (C. C. E. D. N. Y., 1909) and *International News Service* v. *Associated Press*, 248 U. S. 215, that would constitute unfair competition; and (3) that if anyone was free to duplicate and use the renditions, the restriction was, *ipso facto*, invalid. The conclusion would seem to be that once a work is "published", no restriction upon its use can possibly be "reasonable".

These assumptions are dealt with in separate points herein. The conclusion seems spurious. Fully ex-

tended it would negate all equitable servitudes on, say, articles of trade unprotected by copyright. It would dispose of "reasonableness" as a test of validity. This conclusion ignores reasonable benefits flowing, as a result of the restriction, to both the petitioner and the public. It falsely assumes that because anyone can (under the ruling) copy, anyone will. Before such a copy could nullify the effects of the restriction, it must perforce be as good as the original, and as accessible. If it is both of these, it will probably nullify the effect of the restriction without necessity of judicial intervention. Moreover, a restriction against *any* commercial use is certainly a restriction against copying for such use; and the logical extension of the Circuit Court's rationale to this situation would force us to conclude that "a restriction is invalid because it is invalid".

The test announced in the *Waring* case, we think, is the correct one.

Equitable servitudes have found favor in this jurisdiction: *In Re Waterson, Berlin & Snyder* v. *Irving Trust Co.*, 48 F. (2d) 70 (C. C. A. 2, 1931); *Lorillard* v. *Weingarden*, 280 F. 238 (D. C. W. D. N. Y. 1922).

To the same effect see: *Murphy* v. *Christian Press Assoc. Pub. Co.*, 38 App. Div. 426 (N. Y. 1899); *New York Bank Note Co.* v. *Hamilton*, 180 N. Y. 280 (1905); *Montgomery Enterprises* v. *Empire Theatre*, 86 So. 880 (Ala. 1920); *In re Rider*, 16 R. I. 271, 15 A. 72 (1888); *Great Lakes etc. Distributors Co.* v. *Scranton Coal Co.*, 239 F. 603 (C. C. A. 7, 1917); *Oregon Steam Nav. Co.* v. *Winsor*, 20 Wall. 64 (1874); *De Mattos* v. *Gibson*, 4 DeG. & J. 276, 45 Eng. Rep. 108 (1858); *Werderman* v. *Société Générale D'Élec-*

tricité (1881) 19 Ch. D. 246; *Lord Strathcona Steamship Co.* v. *Dominion Coal Co.* (1926), A. C. 108.

The doctrine has had the benefit of discussion and advocacy by able legal commentators: Stone, *The Equitable Rights and Liabilities of Strangers to a Contract* (1918) 18 Col. L. Rev. 291; (1919) 19 Col. L. Rev. 177; Wade, *Restrictions on User* (1928) 44 L. Quar. Rev. 51; Chafee, *Equitable Servitudes on Chattels* (1928) 41 Harv. L. Rev. 945.

POINT IV.

The broadcast of petitioner's records constituted unfair competition with him.

International News Service v. *Associated Press*, 248 U. S. 215, relied on by the *Waring* case, *Waring* v. *Dunlea, supra,* and the District Court is the index to Whiteman's relief on the ground of unfair competition. (Reference is respectfully urged to: *Fonotipia* v. *Bradley,* 171 F. 951, 960-962 (C. C. E. D. N. Y. 1909) and its discussion of the well-known ticker, ticket-scalper and trading-stamp cases. *Associated Press* v. *KVOS,* 80 F. (2d) 575 (C. C. A. 9, 1933); *Uproar Co.* v. *National Broadcasting Co.,* 81 F. (2d) 373 (C. C. A. 1, 1926); *Twentieth Century Sporting Club, Inc.* v. *Transradio Press Service, Inc.,* 165 Misc. 71 (N. Y. 1937).)

Cheney Bros. v. *Doris Silk Corp.,* 35 F. (2d) 279 (C. C. A. 2, 1929) could not, we submit, intend that the *Associated Press* case should be imprisoned within its own special facts. *Reichelderfer* v. *Quinn,* 287 U. S. 315, 319 has indicated that "some imperative

justification in policy will lead the courts to recognize in old values new property rights." If the protection of news is such a policy, so also is the protection of the art of interpreting music. It may be that the *Associated Press* case did not mean to lay down a general principle, but we do not think it intended to establish a class doctrine. We take its basic policy to represent that social imperatives make legal imperatives. The public's interest in its musical art and artists is as urgent a social imperative as its interest in news and news-gatherers.

It is a peculiar anomaly which would restrict the benediction of *International News* v. *Associated Press* to news, in the light of *Fonotipia* v. *Bradley, supra*, which is generally considered to have foreshadowed that case. (The *Fonotipia* case branded as unfair competition the manufacture of records from matrices "dubbed" from the plaintiff's records.)

POINT V.

Use of petitioner's and his orchestra's names in connection with the broadcast violated petitioner's goodwill and property therein.

The District Court found that "Defendant Whiteman through the application of his talents and large expenditures of money, has created good will of considerable value in his name and in his personality" (R. 414).

W. B. O.'s announcer, called by RCAM, testified "My program is based on artists' names and not the fact they are Victor, Brunswick or Decca records" (R. 123), and the Court so found (R. 428).

Petitioner's rights in his own and his orchestra's names are rights of a pecuniary nature which partake of the elements of property rights and are entitled to the protection of a court of equity. *Uproar Co.* v. *National Broadcasting Co.*, 8 F. Supp. 358; affirmed 81 F. (2d) 373 (C. C. A. 1, 1926); *Old Dearborn Distributing Co.* v. *Seagram Distillers Corp.*, 299 U. S. 183.

POINT VI.

Petitioner is entitled to equitable relief against the respondents.

A. Petitioner's Relief Against the Plaintiff in the Action.

Issue having been joined prior to September 17th, 1938, old Equity Rule 30 governs, as conceded by RCAM and W. B. O. in their briefs below. This rule allowed a cross-claim without necessity of a cross-bill. *Moore* v. *N. Y. Cotton Exchange*, 270 U. S. 593; *Meinecke* v. *Eagle Druggists Supply Co., Inc.*, 19 F. Supp. 523 (D. C. S. D. N. Y., 1937); *Kaumagraph Co.* v. *General Trade Mark Corp.*, 12 F. Supp. 230 (D. C. S. D. N. Y., 1935).

That Equity will grant relief under a general prayer is well established: *Automotive Products Corp.* v. *Wolverine Bumper & Specialty Co.*, 15 F. (2d) 745 (C. C. A. 6, 1926); *Porto Rico Citrus Fruit* v. *Kohn*, 20 F. (2d) 705 (C. C. A. 1, 1927).

Petitioner's Answer, however, is more than merely "defensive". It contains *specific and general prayers for relief*. Paragraphs 15, 16 and 18 of the Answer and the concluding prayers (R. 19-20) evidence his hostile claim.

B. Petitioner's Relief Against His Co-Defendants in the Action.

In equity a defendant is entitled to affirmative relief against his co-defendants without necessity of any pleadings between them. *Corcoran* v. *Chesapeake & Ohio Canal Co.*, 94 U. S. 741, 744; *Louis* v. *Brown Township*, 109 U. S. 162. *Jones* v. *Grant*, 10 Paige (N. Y. 1843) 348, states the principle: "It is the constant practice of the court to make a decree between co-defendants, according to the justice and equity of the case, founded upon the pleadings and proofs between the complainant and such defendants; and such was the decision in the case of *Chamley* v. *Lord Dunsany*, 2 Sch. & Lef. Rep. 718."

In *Chamley* v. *Lord Dunsany*, *supra*, the leading case, Lord Eldon stated the view as follows:

> "* * * where a case is made out between defendants by evidence arising from pleadings and proofs between plaintiffs and defendants, a court of equity is entitled to make a decree between the defendants. Further, my lords, a court of equity is bound to do so. The defendant chargeable has a right to insist that he shall not be liable to be made a defendant in another suit for the same matter that may there be decided between him and his co-defendant. And the co-defendant may insist that he shall not be obliged to institute another suit for a matter that may be there adjusted between the defendants."

To the same effect: *Derham* v. *Lee*, 87 N. Y. 599 (1882); *Albany City Savings Institution* v. *Burdick*, 87 N. Y. 40 (1881); and 10 R. C. L. 558, Sec. 342.

CONCLUSION.

It is therefore respectfully submitted that a writ of certiorari should be granted in this case.

Respectfully submitted,

MAURICE J. SPEISER,
Attorney for Petitioner.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 566.

PAUL WHITEMAN,

Petitioner,

—against—

RCA MANUFACTURING COMPANY, INC., W. B. O. BROADCASTING CORPORATION and ELIN, INC.,

Respondents.

BRIEF OF RESPONDENT, W. B. O. BROADCASTING CORPORATION, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

JOSEPH M. HARTFIELD,
GEORGE C. SPRAGUE,
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W. B. O. Broadcasting Corporation.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 566.

PAUL WHITEMAN,

Petitioner,

—against—

RCA MANUFACTURING COMPANY, INC., W. B. O. BROADCASTING CORPORATION and ELIN, INC.,

Respondents.

BRIEF OF RESPONDENT, W. B. O. BROADCASTING CORPORATION, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

The petition in the above entitled cause is one of two for writs of certiorari filed respectively by Paul Whiteman and RCA Manufacturing Company in the case of RCA Manufacturing Company, Inc. against Paul Whiteman, W. B. O. Broadcasting Corporation, and Elin, Inc., decided by the Circuit Court of Appeals for the Second Circuit on July 25, 1940, 114 F. (2d) 86.

To avoid duplication, respondent will treat herein only such matters as are not considered in its brief in opposition to the petition filed by RCA Manufacturing Company, No. 570, to which the Court is respectfully referred.

Argument.

I.

The decision of the Circuit Court of Appeals is not in conflict with applicable local decisions nor is it in conflict with the decision of another circuit court of appeals.

Petitioner, in support of his contention of conflict, relies upon certain decisions not set forth by RCA Manufacturing Company in its petition, No. 570. These decisions are briefly considered:

a. The Circuit Court of Appeals correctly decided that any common law property right of the recording artist was lost by the sale of the records in the ordinary channels of trade.

The decision of the Court in *Universal Film Manufacturing Co.* v. *Copperman*, 218 Fed. 577 (C. C. A. 2d, 1914), cert. den. 235 U. S. 704 (1914), an earlier decision of the Court below, is not in conflict. That case clearly held that a sale of an uncopyrighted motion picture film vested the performing rights in the purchaser and that any attempt to restrict the right was void. The case squarely supports the position of this respondent which claims nothing more than the performing rights in the records purchased by it in the open market.

DeMille v. *Casey*, 121 Misc. 78 (N. Y. 1923) and *Wheaton* v. *Peters*, 8 Pet. 591 (1834) likewise do not present a case of conflict.

DeMille v. *Casey* involved the rights of a licensee and licensor of the right to make motion picture versions of certain plays. The case did not involve the

rights of a purchaser, nor did it involve either sale of copies of the plays or sale of the positive films. There was no publication.

Wheaton v. *Peters* held that, under the common law of Pennsylvania, the right of an author to the exclusive use of his work does not survive publication. *Holmes* v. *Hurst*, 174 U. S. 82 (1899) added nothing to the decision. Not a word can be found in either case indicating that alleged common law rights in works beyond the protection of copyright are perpetual and are not lost by publication.

b. The Circuit Court of Appeals correctly decided that the restrictive notice placed on certain records did not prevent loss of petitioner's alleged common law rights upon sale of the records and was invalid as an attempted servitude.

The decision of the Court below is not in conflict with the decision in the case of *American Tobacco Co.* v. *Werckmeister*, 207 U. S. 284 (1907). That case dealt with the abandonment of copyright and held that the exhibition of a copyrighted picture without attachment of copyright notice was not such a publication as to destroy the copyright where the public was admitted only on the payment of a fee and there are restrictions against copying. It was not a case involving sale on the open market, nor was it a case involving even an unrestricted showing which the Court recognized might constitute publication. A person by words alone cannot deny the consequences of his act.

Nor is the decision in conflict with the decisions in *New York Bank Note Co.* v. *Hamilton B. N. Co.*, 180 N. Y. 280 (1905), *Murphy* v. *Christian Press Assoc. Pub. Co.*, 38 App. Div. 426 (N. Y., 1899) or *Great*

Lakes etc. Distributors Co. v. *Scranton Coal Co.*, 239 Fed. 603 (C. C. A. 7th, 1907).

New York Bank Note Co. v. *Hamilton B. N. Co.* dealt with the contractual rights of a printer whose labor combined with that of a manufacturer in devising a press adapted to the printing of perforated strip tickets. The case was reversed on procedural grounds, but contained a dictum that the contract between the printer and the manufacturer by which the latter agreed not to sell presses to others for the purpose of printing strip tickets, was not void as in restraint of trade. The case does not concern the right of a vendor of an ordinary chattel to continue, by equitable servitude, his control, or that of another, over the product after he has sold it on the open market.

Murphy v. *Christian Press Assoc. Pub. Co.* dealt with contract and copyright, not chattels or servitudes.

Great Lakes etc. Distributors Co. v. *Scranton Coal Co.* was an action between the original parties to a contract and did not involve the rights of a subsequent purchaser to use a chattel.

c. The Circuit Court of Appeals correctly decided that this respondent's broadcast of petitioner's records did not constitute unfair competition.

Petitioner, as does RCA Manufacturing Company in petition No. 570, centers his argument on the alleged conflict between the decision below and *International News Service* v. *Associated Press*, 248 U. S. 215 (1918) and cases following that case. As was pointed out in this respondent's brief in opposition to petition No. 570, the *Associated Press* case sets forth a limited doctrine applicable to a restricted fact situation, and is not controlling on the case at bar.

d. The Circuit Court of Appeals correctly decided that the use of petitioner's and his orchestra's names in connection with the broadcast of petitioner's records did not violate petitioner's alleged right of privacy and property.

This respondent, upon purchasing petitioner's records, acquired the right to broadcast them, and therefore, under Section 51 of the New York Civil Rights Law, was authorized to use petitioner's name and that of his orchestra in connection with such broadcasts. The cases cited by petitioner (Brief, p. 26) involve different facts and arise under different local laws. They have no application to this petition.

II.

Petitioner has no standing in this Court to apply for the issuance of a writ of certiorari.

Petitioner is a defendant in this case. In his answer he did not request affirmative relief against his co-defendant (R. 17-20). The Court below dismissed the complaint against all defendants. Upon these facts it is submitted that the petitioner has no standing to apply for a writ of certiorari.

CONCLUSION.

It is, therefore, respectfully submitted that the petition for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit should be denied.

December 6, 1940.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 570

RCA MANUFACTURING COMPANY, INC.,

Petitioner,

—against—

PAUL WHITEMAN, W. B. O. BROADCASTING CORPORATION, and ELIN, INC.,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

DAVID MACKAY,
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Counsel for Petitioner.

THE COURT PRESS, N. Y. C.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No.

RCA MANUFACTURING COMPANY, INC.,
Petitioner,

—against—

PAUL WHITEMAN, W. B. O. BROADCASTING CORPORATION and ELIN, INC.,
Respondents.

Petition for Writ of Certiorari.

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

The petitioner, RCA Manufacturing Company, Inc., prays for a writ of certiorari to the Circuit Court of Appeals of the United States for the Second Circuit to review its final judgment in this cause entered on August 14, 1940. A certified transcript of the Record, including the proceedings in said Circuit Court of Appeals has been filed herewith pursuant to Rule 38.

Summary Statement of the Matter Involved.

Petitioner, RCA Manufacturing Company, Inc. (hereinafter sometimes called "RCAM"), the maker

of "Victor" and "Bluebird" phonograph records, commenced this action in the District Court for the Southern District of New York to enjoin the unauthorized radio broadcast of its records. W. B. O. Broadcasting Corporation (hereinafter called "W. B. O."), owner of a radio station, was broadcasting these records and Elin, Inc. was an advertising sponsor of W. B. O.'s record program. Petitioner was successful in the District Court. Findings of Fact and Conclusions of Law were filed on July 14, 1939 (R. 412-438). The opinion of the District Court (R. 438-450; 28 F. Supp. 787) was filed and the judgment entered on July 25, 1939 (R. 451-453). On appeal to the Circuit Court of Appeals for the Second Circuit, the judgment was reversed and the complaint dismissed (R. 473-474). The Circuit Court opinion appears at pages 463-472 of the Transcript and is officially reported at 114 F. (2d) 86.

Originally this cause was ancillary to and by order of the District Court for the Southern District of New York, dated January 29, 1938, was to be tried together with a suit brought by respondent Whiteman, a recording artist, against W. B. O. and Elin, Inc. That suit sought similar relief but only as to Whiteman records broadcast by W. B. O. The action was discontinued at the outset of the trial, December 12, 1938 (R. 41-42).

In the present cause RCAM sought (a) a decree adjudicating it to be the owner of all rights in the records embodying the performances of the respondent Whiteman, and (b) an injunction restraining W. B. O., Elin, Inc. and Whiteman from using or licensing the use of these records for radio broadcast or other commercial purposes without its permission (R. 15). Based on allegations of the complaint

(R. 2-16) and evidence at the trial (R. 104-118) the scope of relief sought was broadened to include all unauthorized broadcasts of RCAM records by W. B. O. This relief was granted by the District Court but denied by the Circuit Court of Appeals.

Whiteman, although his original cause had been withdrawn, was also granted affirmative relief by the District Court. At his instance, W. B. O. and Elin, Inc. were enjoined from broadcasting certain records embodying Whiteman's performances which he had made for RCAM under contract reserving radio broadcast rights to Whiteman (R. 453). This provision of the decree was also reversed by the Circuit Court.

Issues Involved.

Petitioner's case is based on the following points:

(a) W. B. O.'s unauthorized radio broadcasts of petitioner's phonograph records constitutes an unfair method of competition by the broadcaster (W. B. O.) with petitioner. As the District Court found, petitioner and W. B. O. as a radio broadcaster of petitioner's records are in direct competition with one another—in "the business of selling entertainment to the public" (R. 427). In such circumstances it is not fair dealing for the broadcaster to appropriate for its own profit the fruits of the investment, enterprise and resourcefulness of its competitor. This is so whether or not petitioner as manufacturer of the records is considered to have a property right in the records after their sale for home use only.

(b) Moreover, as the record demonstrates and the District Court found, petitioner's phonograph records were originally sold by it to Bruno-New York, Inc., a record distributing company, pur-

suant to a written agreement with petitioner which provided that Bruno would not resell the records or furnish them to others for use for any purpose except for non-commercial use on phonographs in homes (Exhibit 34; R. 362); that despite its full knowledge of the existence of this agreement, W. B. O. knowingly and wilfully induced Bruno to breach its said agreement with petitioner; and that this conduct of W. B. O. constituted a wrong as against petitioner which equity should enjoin (R. 426-427, 436).

(c) The limited restriction on use of the records is not contrary to public policy but in furtherance of such policy. The restriction is carefully delimited in scope. It operates only against unauthorized conduct by radio broadcasters as a class. And its effect is not to deprive them of music or the services of musicians. It is rather to stimulate the employment of musicians.

(d) Petitioner recognizes in Whiteman, a performing artist of unique talent, a common law right of artistic property and a right to prevent radio broadcasters' unfair methods of competition which under other circumstances would enable him to restrict the radio broadcast of phonograph records of his performances. However, through operation of law by reason of his employment by petitioner and by reason of the express provisions of two of the three contracts by which he was so employed (R. 338-342), Whiteman's rights passed to petitioner for good and valuable consideration.

(e) As a producer of phonograph records, petitioner makes a substantial intellectual contribution to the finished product which, under well-accepted doctrine, entitles it to an enforcible

property right therein, and such right is independent of and in addition to the right of the performing artist.

(f) Nor are these various rights surrendered or abandoned by reason of petitioner's sale of its phonograph records. As is demonstrated above, since 1937 RCAM phonograph records have been sold under contracts which expressly provide that the use of records so sold is not permitted for radio purposes nor for any but home use (Exhibit 34; R. 362). RCAM records so sold bear on their faces notice of this restriction. In addition, specific notice of the restriction was communicated to W. B. O. by petitioner (R. 421-423). The entire organization of RCAM negatives any intent to abandon its right to control radio broadcasts of its records.

All of these points (except the existence of an intellectual property right in petitioner) were upheld by the District Court.

Appeals to the Circuit Court of Appeals.

W. B. O. appealed from the entire decree except that part which, at the instance of RCAM, enjoined Whiteman from asserting rights in records embodying his performances but as to which he had failed to reserve his rights (R. 456). Whiteman appealed from all of the injunctive relief granted to RCAM both as to him and as to W. B. O. and Elin, Inc. (R. 455). RCAM appealed (a) from the injunction granted to Whiteman preventing W. B. O.'s and Elin's use of records as to which he had reserved rights, and (b) from the failure of the decree to base RCAM's injunction on a common law right of intellectual property (R. 454). Elin, Inc. did not appeal.

The Decision of the Circuit Court of Appeals.

By order entered August 14, 1940, the Circuit Court of Appeals reversed the judgment of the District Court and dismissed the complaint (R. 473-474). The opinion of the Court written by Learned Hand, *C. J.*, denied the existence of rights either in Whiteman or RCAM (R. 463-472).

With respect to the claim of unfair competition, the Court referred to the case of *International News Service* v. *Associated Press*, 248 U. S. 215, and simply refused to find in that case any principle applicable to the analogous facts of this case. It also stated that RCAM's common law property rights, if any, ended with the sale of the records and could not be preserved by the limited restriction upon their use.

The Court declared that the common law property right, if any, ended with the sale of the records; that the use restriction did not preserve that right; and that the records could not be clogged with an equitable servitude.

Finally, the Court found that W. B. O. was not guilty of a tort in inducing RCAM's original purchaser and wholesaler to violate its agreement not to sell records for radio broadcast purposes.

Reasons Why this Petition Should Be Granted.

Petitioner respectfully submits that this cause should be reviewed by this Court for the following reasons:

1. In denying to petitioner the protection of equity against the attempt by its competitor (W. B. O.) to appropriate the industry, skill and experience of RCAM, the Circuit Court of Appeals failed to give proper weight to the clear implications of

the holding of this Court in *International News Service* v. *Associated Press*, 248 U. S. 215, to the holding of the Circuit Court of Appeals for the Ninth Circuit in *Associated Press* v. *KVOS*, 80 F. (2d) 575 (1935), reversed on jurisdictional grounds, 299 U. S. 269 (1936), to the decision of the Circuit Court of Appeals for the First Circuit in *Uproar Co.* v. *National Broadcasting Co.*, 81 F. (2d) 373 (1936), to the holding of the District Court for the Western District of Pennsylvania in *Pittsburgh Athletic Co.* v. *KQV Broadcasting Co.*, 24 F. Supp. 490 (1938), and to the authority expressed by the Supreme Court of New York in *Twentieth Century Sporting Club, Inc.* v. *Transradio Press Service, Inc.*, 165 Misc. 71 (1937). These cases in analogous circumstances condemned as unfair competition attempts of a competitor to take a "free ride" on the investment, enterprise and resourcefulness of another.

2. The decision of the Circuit Court of Appeals holding that the rights of the performing artist, which in this case passed by assignment and operation of law to the petitioner, are non-existent after sale of phonograph records embodying his performance, is in conflict with decisions of the Supreme Court of Pennsylvania and of the United States District Court for the Eastern District of North Carolina. In *Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433 (1937) and in *Waring* v. *Dunlea*, 26 F. Supp. 338 (E. D. N. C. 1939), the courts recognized the common law rights reposing in the recording artist in the absence of circumstances which, as in the instant case, passed those rights to the recorder, and that such rights can be effectively preserved.

3. In failing to recognize in the producer of phonograph records a sufficient intellectual contribution to

entitle it to a common law property right, the Circuit Court failed to give proper weight to the recent analogous holding of this Court that the motion picture producer makes an artistic contribution to the finished film [*Sheldon* v. *Metro-Goldwyn Pictures Corporation,* 84 L. Ed. 576, 583 (1940)] and the venerable decision of this Court that the photographer makes a contribution of sufficient artistry to render him eligible for copyright protection [*Burrow-Giles Lithographic Company* v. *Sarony,* 111 U. S. 53 (1884)], and the decision of the Circuit Court is in conflict with these applicable decisions of this Court.

4. In denying the existence of rights of any nature in the recorder, the Circuit Court has thrown doubt on the well-established holding of the Circuit Court for the Eastern District of New York in *Fonotipia Limited* v. *Bradley,* 171 Fed. 951 (1909). That case has long been a bulwark of producers of phonograph records against piratical reproduction of their products by purchasers who use records to manufacture new stampers and who then release the stolen record as their own. The implications of the instant decision may render nugatory any protection heretofore derived from this leading case.

5. This is a test case. Hundreds of radio stations throughout the nation are broadcasting phonograph records purchased at nominal cost* and broadcast for advertising sponsors at phenomenal profit. Recorders have expended millions of dollars and the time, ingenuity, effort and labor of thousands of men and women in producing and perfecting phonograph

* The retail price of popular phonograph records containing two selections ranges from 35c. to 75c. The evidence in this case demonstrates that W. B. O. purchased records at a discount from these prices (R. 102).

records. Until recently, the entire industry staggered under the almost mortal blow delivered by the advent of radio broadcasting. Now, having recouped some of its losses, it faces the combined efforts of the broadcasting industry to purloin its products, displace "live" musicians on the air and yet, at the expense of others, reach a nationwide audience with advertisements for which sponsors pay millions annually and with recorded musical entertainment purchasable at nominal cost. Issues are thus involved which, it is respectfully submitted, merit the attention of this high Court.

6. Finally, the questions involved in this case are of tremendous importance to the entire phonograph record and radio broadcasting industries, as well as to all artists who perform services for recording companies. While, as stated above, this is a test case, it is only one of several cases now pending in the Courts involving some or all of the questions inherent in the case at bar. These cases are *American Society of Recording Artists, Inc.* v. *KFWB Broadcasting Station, et al.*, Superior Court of the State of California, County of Los Angeles (RCA Manufacturing Company, Inc., Intervenor); *Waring* v. *Hearst Radio, Inc.*, United States District Court for the Northern District of California, Southern Division; *National Association of Performing Artists, etc.* v. *Wm. Penn Broadcasting Company, et al.*, removed to the United States District Court for the Eastern District of Pennsylvania; *National Association of Performing Artists, etc.* v. *Westinghouse Electric and Manufacturing Company*, Court of Common Pleas, Philadelphia, Pa., all of the foregoing cases involving the use of phonograph records by radio broadcasters; and *National Association of Performing Artists* v. *Maurice Finkel, et al., Irwin Newman, etc. and*

Edward Klein, etc. (3 cases, Court of Common Pleas, Philadelphia, Pa.), cases involving the use of records on coin-operated phonographs. Review of the case at bar by this Court and final determination of the rights of the phonograph record manufacturer, the performing artist and the radio station will terminate this mass of litigation and make unnecessary the institution of many additional suits.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari issue out of and under the seal of this Honorable Court, directed to the United States Circuit Court of Appeals for the Second Circuit, commanding the said Court to certify and send to this Court, on a day certain to be therein designated, a full and complete transcript of the record and all of the proceedings of said Circuit Court of Appeals in the said cause entitled "*RCA Manufacturing Company, Inc.* v. *Paul Whiteman, W. B. O. Broadcasting Corporation and Elin, Inc.*" to the end that said cause may be reviewed and determined by this Court as provided by Section 240 of the Judicial Code, and that your petitioner may have such other or further relief or remedy in the premises as this Court may deem appropriate and in conformity with said provision of the Judicial Code and that the said judgment of the said Circuit Court of Appeals in the said case may be reversed by this Honorable Court.

Respectfully submitted,

RCA MANUFACTURING COMPANY, INC.,

By DAVID MACKAY,
LAWRENCE B. MORRIS,
Counsel for Petitioner.

November 12, 1940.

BRIEF OF PETITIONER, RCA MANUFACTURING COMPANY, INC., IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI.

Opinions of the Courts Below.

The opinion of the Circuit Court of Appeals is printed in the Transcript at pages 463-472, and is reported at 114 F. (2d) 86. The opinion of the District Court is printed in the Transcript at pages 438-450 and is reported at 28 F. Supp. 787.

Jurisdiction.

A. The final judgment of the Circuit Court of Appeals, now sought to be reviewed, was entered on August 14, 1940 (R. 473-474). This judgment reversed the District Court's judgment entered on July 25, 1939 (R. 451-453).

B. The suit was instituted in Equity, in the United States District Court for the Southern District of New York, to establish the right of petitioner to control the radio broadcast of phonograph records produced by it. A declaration of petitioner's rights in the premises and an injunction against the unauthorized use of such records by respondents was sought. The suit was between citizens of different States as is shown by the Findings of Fact of the District Court (R. 412-413). An amount in excess of $3,000 exclusive of interest and costs is here involved (R. 413).

C. The jurisdiction of this Court is invoked under Section 240 of the Act of February 13, 1925, as

amended, 28 U. S. C. A. Section 347 (a), Judicial Code Section 240. The following cases sustain the jurisdiction: *The Ansaldo San Giorgio I* v. *Rheinstrom Bros. Co.*, 294 U. S. 494 (1934); *Ruhlin* v. *New York Life Ins. Co.*, 304 U. S. 202 (1937).

Statement of the Case.

The facts are stated at pages 1-6 of the foregoing petition.

Specification of Errors.

It is respectfully submitted that the following errors were made by the Circuit Court of Appeals:

1. The Court erred in failing to find that respondents W. B. O. Broadcasting Corporation and Elin, Inc. were guilty of unfair methods of competition in broadcasting petitioner's phonograph records without its authorization.

2. The Court erred in failing to find that respondent W. B. O. Broadcasting Corporation knowingly and wilfully induced petitioner's wholesaler and original purchaser to violate the terms of its agreement with petitioner to sell records only for non-commercial use in homes.

3. The Court erred in denying to petitioner the limited restricting effect of the notices appearing on the record labels and envelopes which constituted a legal and valid servitude, not contrary to but in furtherance of public policy.

4. The Court erred in failing directly to recognize

that respondent Whiteman's rights arising from his contributions to the finished phonograph record passed to petitioner by virtue of respondent's employment by petitioner and by reason of two of his three contracts of employment with petitioner.

5. The Court erred in failing directly to recognize in petitioner a common law property right arising from its intellectual contributions to the finished phonograph record.

6. The Court erred in holding that any common law rights of petitioner were abandoned and dedicated by reason of the sale of its phonograph records.

7. The Court erred in reversing the judgment of the District Court and in dismissing the complaint.

Argument.

POINT I.

The unauthorized radio broadcast of petitioner's records by W. B. O. constitutes an unfair method of competition.

W. B. O.'s unauthorized radio broadcast of petitioner's phonograph records constitutes an unfair method of competition by it with petitioner. As the District Court found, petitioner and W. B. O. as a broadcaster of records made by petitioner are in direct competition with one another—in "the business of selling entertainment to the public" (R. 427). In such circumstances it is not considered fair dealing for the broadcaster to appropriate for its own profit the fruits of the investment, enterprise and resource-

fulness of its competitor. This is so whether or not the petitioner as the manufacturer of the records is considered to have a "property" interest in them after their sale for home use only.

Ultimate recognition of this principle is to be found in the holding of this Court in *International News Service* v. *Associated Press,* 248 U. S. 215 (1918), the facts of which are too well-known to be restated. News collected with great expense, ingenuity and labor, cannot be taken and sold while it remains salable by its collector. Although the news agency may have no rights against the public, it has rights against a competitor who purloins its stock in trade. *Associated Press* v. *KVOS,* 80 F. (2d) 575 (C. C. A. 9, 1935), although reversed by this Court on jurisdictional grounds (299 U. S. 269), contains precise recognition that radio broadcasters may not pirate news gathered by another at great effort and expense.

Similarly, a New York Court [*Twentieth Century Sporting Club Inc.*. v. *Transradio Press Service, Inc.,* 165 Misc. 71, 73 (N. Y. S. Ct. 1937)] has held that a radio rebroadcast of a prize-fight may not be made without permission of the fight promoter because (a) "* * * the defendants would be enabled to derive profits from the exhibition without having expended any time, labor and money for the presentation of such exhibition" and (b) the plaintiffs "* * * have taken proper steps to retain these exclusive rights by selling tickets for admission to such exhibition, which tickets contain the following express contract: 'This ticket is sold and purchased and if honored is to be honored upon the express agreement that no motion pictures of the contest herein referred to will be

taken and no broadcasting thereof effected by the purchaser or holder of this ticket except as may be authorized by the promoter' ". A similar holding is contained in *Pittsburgh Athletic Co.* v. *KQV Broadcasting Co.*, 24 F. Supp. 490 (W. D. Pa. 1938), expressly disapproving *National Exhibition Company* v. *Tele-Flash, Inc.*, 24 F. Supp. 488 (S. D. N. Y. 1936).

Equity's power to enjoin unfair *methods* of competition as well as acts of "palming off" has long since been recognized by this Court [*International News Service* v. *Associated Press*, 248 U. S. 215, 241, 242 (1918); *Schechter Poultry Corp.* v. *United States*, 295 U. S. 495 (1935); *Coca-Cola Co.* v. *Old Dominion Beverage Corp.*, 271 Fed. 600, 604 (C. C. A. 4, 1921)]. In the *Schechter* case this Court said in part:

> "* * * In recent years, its scope ['unfair competition'] has been extended. It has been held to apply to misappropriation as well as misrepresentation * * * to misappropriation of what equitably belongs to a competitor" (p. 531).

And in the *Coca-Cola* case the Court stated:

> "The right to equitable relief is not confined to cases in which one man is selling his goods as those of another." [*Coca-Cola Co.* v. *Old Dominion Beverage Corp.*, 271 Fed. 600, 604 (C. C. A. 4, 1921)]

Fonotipia, Limited v. *Bradley*, 171 Fed. 951 (E. D. N. Y. 1909), early applied the doctrine of these cases to the phonograph record situation. That case held that it constituted unfair competition to "dub" a phonograph record and sell the copies so made. Its reasoning seems most persuasive:

> "The education of the public by the dissemination of good music is an object worthy of protec-

tion, and it is apparent that such results could not be obtained if the production of the original record was stopped by the wrongful taking of both product and profit by anyone who could produce sound discs free from the expense of obtaining the original record" (p. 963).

Equity condemns such practices. The "ticker" cases [*Board of Trade of the City of Chicago* v. *Christie Grain & Stock Co.*, 198 U. S. 236 (1905); *National Tel. News Co.* v. *Western Union Tel. Co.*, 119 Fed. 294 (C. C. A. 7, 1902); *Illinois Commission Co.* v. *Cleveland Tel. Co.*, 119 Fed. 301 (C. C. A. 7, (1902)] have laid the groundwork for equitable protection of "pecuniary" rights in commercial enterprises. The "ticket-scalper" cases [*Bitterman* v. *Louisville & N. R. Co.*, 207 U. S. 205 (1907); *Pennsylvania Co.* v. *Bay*, 150 Fed. 770 (N. D. Ill. 1906); *Ill. Cent. R. Co.* v. *Caffrey*, 128 Fed. 770 (E. D. Mo. 1904); *Nashville C. & St. L. Ry. Co.* v. *McConnell*, 82 Fed. 65 (M. D. Tenn. 1897)] similarly granted protection against appropriation and use of another's business by one who had jeopardized neither investment nor enterprise in its creation. The "trading stamp" cases [*Sperry & Hutchinson Co.* v. *Mechanics' Clothing Co.*, 128 Fed. 800 (D. R. I. 1904); *Same* v. *Louis Weber & Co.*, 161 Fed. 219 (N. D. Ill. 1908)] prevented the appropriation and sale of cash bonus certificates to defeat the purpose for which they were issued.

The contents of a phonograph record would seem to deserve at least as much protection as news or a narrative of a sporting event. In fact, by reason of their educational significance such records may deserve greater protection. As the District Court found

(Finding 108; R. 432) damage will result to the creator of the record unless equity follows the path clearly defined by the *International News Service* case and enjoins the continuance of the unfair competition which W. B. O. has practiced. As the scholars who drafted the *Restatement of the Law of Torts* (1938) have observed, "the scope of liability in this field is constantly expanding" (*Restatement, Torts,* Vol. 3, p. 538). To permit the Circuit Court opinion to stand would appear therefore to turn the clock backward on a promising development of an equitable doctrine.

Finally, there are certain other admitted activities of W. B. O. which clearly should be condemned by a court of equity. W. B. O.'s announcer admitted that it is his typical practice to intersperse the playing of records with comments, interpolations and speech inflections designed to convey the impression that the orchestra or soloist whose records are being played either is personally present in the studio or that the broadcast is emanating from a hotel or restaurant where the orchestra is then engaged. Stenographic reports of a few W. B. O. broadcasts appear in the Transcript (R. 104-119) and electrical transcriptions of these broadcasts, played at the trial, are available (Exhibits 42-49; R. 381). W. B. O. charges $6100 per week for three hours daily of these broadcasts (R. 119-120). A nation-wide situation is exemplified by the activities of W. B. O. admitted and proved in this case [11 Air Law Rev. 29, 41-55 (1940)]. Equity should not condone such practices.

POINT II.

W. B. O. knowingly and wilfully induced petitioner's wholesaler and original purchaser to violate the terms of its express contract to sell records only for non-commercial use in homes.

The evidence clearly showed that petitioner and Bruno-New York, Inc., RCAM's wholesaler and original purchaser, agreed in writing (Exhibit 34; R. 362), as a condition of the sale of records to it at wholesale prices, that it would resell these records only for non-commercial use in homes. W. B. O. knew of this agreement both as a result of the record label and envelope notices and as a result of express written notice (Exhibits 32, 33; R. 359-361). Nevertheless, a special messenger of Bruno-New York each week delivered records to W. B. O. (R. 121); W. B. O. did not pay retail prices but got a discount (R. 102); to hide the transaction payments were made through a retailer, Commodore Music Shop (R. 121). The District Court readily found that W. B. O. had "knowingly and wilfully procured and induced Bruno-New York, Inc. to breach the provisions of its agreement * * *" with petitioner (R. 436).

Adopting long established criteria laid down in *Bobbs-Merrill Co.* v. *Straus,* 147 Fed. 15, 27 (C. C. A. 2, 1906), petitioner thus proved that W. B. O. "* * * persuaded * * * other persons to violate (the) contract * * *"; that Bruno-New York, Inc. "* * * assented to the terms of the notice or agreed that the absolute title acquired by a sale should be converted into a qualified or restricted title"; and that W. B. O. "* * * purchased their copies from purchasers from com-

plainant". Such deliberate procurement of a breach of contract has long since been condemned [*Lumley* v. *Gye*, 2 El. & Bl. 216; *Heath* v. *American Book Co.*, 97 Fed. 533 (D. W. Va. 1899); *Sperry & Hutchinson Co.* v. *Mechanics' Clothing Co.*, 128 Fed. 800 (D. R. I. 1904)].

Third persons aware of the agreement cannot induce its breach especially where it does not attempt to fix prices or otherwise to violate public policy. This Court should review the refusal of the Circuit Court to follow this long established doctrine.

The Circuit Court based its refusal on the theory that the limited restriction which the agreement between record manufacturer and distributor was designed to effect is contrary to public policy and void and should therefore be disregarded. This contention will now be considered.

POINT III.

The legend on the record labels and envelopes constituted a valid and legal servitude not contrary to public policy.

In November, 1932, petitioner placed on its record labels the legend "Not Licensed for Radio Broadcast" (R. 421). In August, 1937, the legend was expanded to read:

> "Licensed by Mfg. Under U. S. Pats. 1625705, 1637544, Re—16588 (& Other Pats. Pending) Only For Non-Commercial Use on Phonographs in Homes. Mfr. & Original Purchaser Have Agreed This Record Shall Not Be Resold Or Used For Any Other Purpose. See Detailed Notice on Envelope. RCA Manufacturing Co. Inc., Camden, N. J. U. S. A." (R. 421-422).

It is submitted that the limited restriction on use of the records here presented is not contrary to public policy but in furtherance of such policy. The restriction is carefully delimited in scope. It does not operate against the public generally, but, so far as the facts of this case are concerned, only against unauthorized conduct by radio broadcasters as a class. And, its effect is not to deprive them of music or of the services of musicians. It is rather to stimulate the employment of musicians.

As the Circuit Court recognized, the limited restriction is presented by the factual situation and must either be given effect or declared to be void. To refuse it effect upon some vaguely felt theory that it clogs the records with a servitude is to ignore the broader considerations of public policy which favor its existence and to enable a strong economic group, the broadcasters, to reap the fruits of another's investment, enterprise and resourcefulness at nominal cost and with enormous profits to themselves.

The considerations for and against the very limited restriction here involved should be weighed by this Court [as they were weighed by the District Court (R. 433)] and not cast aside, as in the Circuit Court of Appeals, on a theory that restrictions on chattels are *prima facie* invalid—a theory which stands opposed by the express Congressional sanction of the distinctly more debatable practice of permitting a manufacturer to control the resale price of his trademarked articles. We must recognize that we are not dealing with what Lord Coke condemned—conditions which totally restrain alienation by enabling the seller to recover the sold property. We are concerned with provisions which merely give the seller some measure of equitable control in the hands of

later owners who never cease to retain the property. Consideration should therefore be given to the purpose and effect of a limited restriction. It should not be hastily invalidated on the ground that in Queen Elizabeth's day Lord Coke said that restrictions on chattels (meaning *total* restrictions) are bad.

Following this approach rather than a mechanical one of viewing all restrictions as bad, the Courts have held restrictions valid in a number of situations. Implicit in the cases is the conclusion of the Court that the restrictions, although in some way limiting complete alienation of the chattel, were, nevertheless, not contrary to public policy and hence enforcible (*Oregon Steam Navigation Co.* v. *Winsor*, 87 U. S. 64 (1874); *Bitterman* v. *Louisville & N. R. Co.*, 207 U. S. 205 (1907); *General Talking Pictures Corp.* v. *Western Electric Co.*, 304 U. S. 175, 305 U. S. 124 (1938); *Independent Wireless Telegraph Company* v. *Radio Corporation of America*, 269 U. S. 459 (1926); *Dickerson* v. *Tinling*, 84 Fed. 192 (C. C. A. 8, 1897); *P. Lorillard Co.* v. *Weingarden*, 280 Fed. 238 (W. D. N. Y. 1922); *In re Waterson Berlin & Snyder Co.* v. *Irving Trust Co.*, 48 F. (2d) 704 (C. C. A. 2, 1931); *Werderman* v. *Societe Generale d'Electricite*, 19 Ch. D. 246; *Lord Strathcona Steamship Co.* v. *Dominion Coal Co. Ltd.* (1926) A. C. 108). In general, restrictions which have been invalidated have been those which sought to fix resale price or effect tying arrangements—situations which, under the anti-trust laws, are generally regarded as *per se* illegal. Obviously, no such situation is here presented.

POINT IV.

The Court erred in failing directly to recognize that respondent Whiteman's rights passed to petitioner.

Respondent Whiteman will advance legal argument in his petition for a writ of certiorari to be submitted concurrently herewith to support his contention that property rights are vested in the artist whose performance is embodied in a phonograph record [*Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433 (1937)]. Petitioner need not elaborate on that point here. Petitioner contends that the Circuit Court should have found, as did the District Court herein, that these rights passed to it by virtue of Whiteman's employment by it and because of two of the three contracts under which he was so employed (Exhibits 4, 5; R. 338-342).

The law has been long settled by this and other Federal Courts that when one engages another to produce artistic or intellectual work with the intention that the product shall be sold by the one for whom it is made, the entire property in that product passes to the employer. Only an express reservation of rights will alter the effect of this rule (*Solomons* v. *United States*, 137 U. S. 342 (1890); *Gill* v. *United States*, 160 U. S. 426 (1895); *Bleistein* v. *Donaldson Lithographing Company*, 188 U. S. 239 (1902); *Standard Parts Co.* v. *Peck*, 264 U. S. 52 (1923); *Lumiere* v. *Pathé Exchange, Inc.*, 275 Fed. 428 (C. C. A. 2, 1921); *Lumiere* v. *Robertson-Cole Distributing Corp.*, 280 Fed. 550 (C. C. A. 2, 1922), cert. den. 259 U. S. 583). The rule has been expressly embodied

into the Copyright Law of the United States (17 U. S. C. §62), and the principle was early applied to works of an artistic nature in *Dielman* v. *White*, 102 Fed. 892 (D. Mass. 1900), and recently approved in *Yardley* v. *Houghton Mifflin Co. Inc.*, 108 F. (2d) 28 (C. C. A. 2, 1939).

Moreover, two of the contracts of employment between petitioner and respondent Whiteman (Exhibits 4, 5; R. 338-342) clearly granted to petitioner all of Whiteman's rights in the records embodying his performances. In the first agreement (Exhibit 4; R. 338-341) Whiteman specifically assigned these rights to petitioner. The second agreement (Exhibit 5; R. 342), it was found, embodied the terms of the first agreement (R. 415). At least two Courts have held that language similar or identical to the wording contained in the first agreement serves to vest the petitioner with all rights of the artist (*Ingram* v. *Bowers*, 57 F. (2d) 65 (C. C. A. 2, 1932); *Noble* v. *One Sixty Commonwealth Avenue, Inc.*, 19 F. Supp. 671 (D. Mass. 1937).

POINT V.

The Court erred in failing directly to recognize in petitioner a common law property right arising from its intellectual contributions to the finished phonograph record.

The uncontroverted evidence to the effect that petitioner contributed to the finished phonograph records the fruits of its highly specialized training in the field of sound recording should have convinced the lower courts that petitioner is entitled to a common law right of intellectual property in its product.

A.

The Facts of Petitioner's Contribution.

Petitioner's witnesses presented a detailed picture of the activities of RCAM's employees necessary to produce an artistically pleasing and satisfactory phonograph record. Only the highlights can be indicated in the limited scope of this brief.

Acoustic draperies in the recording studio must be arranged. Special equipment must be expertly placed, tuned to exigencies of the studio and artistically manipulated and "played" during the recording session. Performers must be constantly supervised both in their musical renditions, their comparative positions in the studio in relation to the microphones, and in their maintenance of the intangible musical "balance" necessary to a perfect record. What sounds well in a concert hall may not record well. Even Maestro Arturo Toscanini relies upon the skill and artistry of petitioner's musical director in performing for recordings. An outstanding conductor, Arthur Fiedler, and a well-known virtuoso, Mishel Piastro, bore witness to the contributions of the petitioner (R. 150-167; 170-203), details of which may be found in the Transcript.

B.

Legal Authorities Supporting Recognition of Petitioner's Common Law Right.

"Intellectual labor, skill and individuality enter into the preparation of such records" (13 C. J. 1033). Forceful analogy to the instant situation is derivable

from the opinion of this Court in *Burrow-Giles Lithographic Company* v. *Sarony*, 111 U. S. 53 (1884). There the photographer's efforts in posing the subject, selecting costume and draperies, arranging light and shadow and evoking the desired expression were held to "* * * show this photograph to be an original work of art, the product of plaintiff's intellectual invention, of which plaintiff is the author * * *" (pp. 59-60).

Similar recognition has long since been given to the artistic contribution made by the motion picture producer [*Universal Film Manufacturing Company* v. *Copperman*, 218 Fed. 577 (C. C. A. 2, 1914)]. And, recently this Court has acknowledged the contribution of the motion picture producer to be "found in the artistic conceptions and in the expert supervision and direction of the various processes which made possible the composite result with its attractiveness to the public" [*Sheldon* v. *Metro-Goldwyn Pictures Corporation*, 84 L. Ed. 576, 583 (1940)]. These holdings are analogous to the instant situation. For, just as the talents of the actors and directors give expression to the motion picture scenario, so do the abilities of the recording artists and recording director articulate the recorder's conception of what should be captured in order to produce an artistically pleasing phonograph record.

The English Courts have directly recognized the artistry of the recorder's contribution in *Gramophone Company, Ltd.* v. *Stephen Carwardine Co.*, L. R. (1934) 1 Ch. 450. There it was said:

> "* * * skill, both of a technical and of a musical kind, is needed for the making of such a record

as the one in question. The arrangement of the recording instruments in the building where the record is to be made, the building itself, the timing to fit the record, the production of the artistic effects, and, perhaps above all, the persons who play the instruments, not forgetting the conductor, combine together to make an artistic record, which is very far from the mere production of a piece of music."

Finally, at least one Federal Court has recognized the property right of the recorder. In *Fonotipia Limited* v. *Bradley*, 171 Fed. 951 (C. C. E. D. N. Y., 1909), the practice of making matrices from commercial records and manufacturing records for public sale from these "dubbed" matrices was enjoined. The records involved in that case were produced by the since outmoded mechanical process. Modern invention has facilitated the making of finer and more artistic records by electrical means (R. 153). If a property right existed in those records, *a fortiori*, it should be recognized in modern recordings.

Petitioner thus contends that it is the proprietor of a common law right of intellectual property. The Circuit Court should have directly found this right to repose in petitioner.

POINT VI.

The Circuit Court erred in finding that these rights were abandoned and dedicated.

Petitioner contends that these rights were neither abandoned nor dedicated.

Certainly, as the Circuit Court found, performance of these records did not result in such dedication

[*Ferris* v. *Frohman*, 223 U. S. 424, 435 (1912); *Uproar Co.* v. *National Broadcasting Co.*, 81 F. (2d) 373 (C. C. A. 1, 1936)].

Nor does the marketing of these records by petitioner result in the loss of these common law rights. For, literary property rights cannot be lost unless there accompanies the alleged dedication, an intent or indication by the proprietor to abandon his work to the public [*International News Service* v. *Associated Press*, 248 U. S. 215, 240 (1918)]. RCAM's conduct clearly negatives any such intention. Throughout the years, it has jealously guarded its rights by litigation (R. 49), by asserting rights against and dealing with radio broadcasters (Exhibits 7, 8, 12, 37-41B; R. 346-348, 352, 366-381) and other commercial users of its records (Exhibits 10, 11; R. 348-351), by placing notices on its record labels and envelopes that its product was not licensed for radio broadcast and was to be used only for non-commercial purposes (R. 421-422), and, pending this action, by advising respondent W. B. O. to refrain from broadcasting its records (Exhibits 32, 33; R. 359-361).

The Court in *Fonotipia Limited* v. *Bradley*, 171 Fed. 951 (E. D. N. Y. 1909), could not have restrained the manufacture of "dubbed" records unless it recognized the existence of the recorder's rights and the fact that public sale of records did not dissipate, dedicate or result in abandonment of these rights. Yet in the instant case, the Circuit Court seems to have held that petitioner's sale of records so completely strips it of rights as to render legal the copying of the contents of these records by purchasers thereof. In so holding, the Circuit Court has cast doubt upon the venerable holding of the *Fonotipia* case and may

thereby have deprived the recorder of all protection against even the meanest despoiler of its priceless property. Such a holding should not go unconsidered by this Court.

Finally, respected legal historians have long contended that publication does not affect the existence of common law rights in artistic property uncopyrightable under the statute. This contention, overruled by the Circuit Court in this case and in *Fashion Originators Guild of America, Inc.* v. *Federal Trade Commission*, 114 F. (2d) 80, 83, 84 (C. C. A. 2, 1940), is now squarely presented to this Court. *Wheaton* v. *Peters*, 33 U. S. 591 (1834), usually cited as authority for the general rule that common law rights of literary property succumb upon first publication, does not so hold. It dealt merely with the displacement of common law by statutory copyright. If the work was copyrightable under the statute, publication killed the common law right. *Holmes* v. *Hurst*, 174 U. S. 82 (1899), explains the basis of the *Wheaton* case as being *Donaldson* v. *Becket*, 4 Burr. 2408, a simple holding that common law copyright yields to statutory copyright. It also declares, however, that the *Donaldson* case and the earlier English case of *Millar* v. *Taylor*, 4 Burr. 2303, are established and respected authority for the proposition that common law copyright, unfettered by statutory copyright, is perpetual and survives publication (Drone, Law of Intellectual Production, pp. 8-53). It is submitted that judicial statements to the contrary (*Caliga* v. *Inter Ocean Newspaper Company*, 215 U. S. 182 (1909); *Jewelers' Mercantile Agency* v. *Jewelers' Weekly Publishing Co.*, 155 N. Y. 241 (1898), and similar cases) are uniformly dicta delivered in cases

where works copyrightable under the statute were concerned. Phonograph records have been placed beyond the pale of statutory copyright [see *Witmark & Sons* v. *Standard Music Roll Co.*, 221 Fed. 376 (C. C. A. 3, 1915)]. This question, long of interest to legal scholars and practitioners, should be finally passed upon.

POINT VII.

Foreign recognition of recorders' rights.

Protection of the rights of phonograph recorders has long been the subject of discussion outside of the United States. The recorder is granted control over the use of its records by the laws of the United Kingdom, Ireland and the British Dominions and Colonies [see *British Copyright Act of 1911*, §19 (1)]. Switzerland (Law of December 7, 1922, Arts. 4, 21), Portugal (Act of May 27, 1927, Art. 27) and others have granted similar recognition. The decision of a lower Norwegian Court which denied protection to the recorder in the absence of statute (*The Gramophone Company, Ltd.* v. *Norsk Rikskringkasting*, Case No. 1421, Section 8, No. 76, March 22, 1938) has recently been reversed and the recorder's power to control radio broadcast of its records has been acknowledged. The report and citation of this case is not presently available. Thus there is here presented an issue of widespread importance and universal interest.

CONCLUSION.

It is therefore respectfully submitted that upon the errors set forth in the petition and in this brief, and because of the novelty and importance of the questions herein presented, the petition for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit should be granted.

Respectfully submitted,

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November 12, 1940.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 570.

RCA MANUFACTURING COMPANY, INC.,
Petitioner,

—against—

PAUL WHITEMAN, W. B. O. BROADCASTING CORPORATION and ELIN, INC.,
Respondents.

BRIEF OF RESPONDENT, W. B. O. BROADCASTING CORPORATION, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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THE COURT PRESS, N. Y. C.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 570.

RCA MANUFACTURING COMPANY, INC.,
Petitioner,

—against—

PAUL WHITEMAN, W. B. O. BROADCASTING CORPORATION and ELIN, INC.,
Respondents.

BRIEF OF RESPONDENT, W. B. O. BROADCASTING CORPORATION, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

This case presents no reason within Rule 38, paragraph 5, of the Rules of this Court for the issuance of a writ of certiorari. The issues sought to be raised before the Court are all questions of local law. The decision below is not in conflict with applicable local decisions. Nor is it in conflict with the decisions of another circuit court of appeals on the same matter.

The Case Below.

This case involves the sole question of whether the manufacturer of a phonograph record or an artist, whose performance is recorded thereon, can restrain one who purchased such record through the usual channels of trade from playing it on a radio broad-

casting program. No question of statutory copyright or patent is involved.

After trial of the case in the United States District Court for the Southern District of New York, a decree was entered enjoining the respondent, W. B. O. Broadcasting Corporation and Elin, Inc.: (a) from violating the rights of RCA Manufacturing Company by broadcasting without its consent records of its manufacture bearing notice that they are not licensed for radio broadcasting; (b) from competing unfairly with RCA Manufacturing Company by broadcasting any phonograph records manufactured by it or its predecessors; (c) from competing unfairly with Whiteman and from violating his common law property rights by broadcasting records of his performances manufactured by RCA Manufacturing Company under an agreement, entered into in 1934; and (d) from inducing Bruno-New York, Inc. to breach its distributor's agreement with RCA Manufacturing Company by causing it to sell or furnish RCA phonograph records to W. B. O. Broadcasting Corporation for broadcasting purposes (R. 451-453).

Upon appeal, the Circuit Court of Appeals for the Second Circuit reversed the decree of the District Court and dismissed the complaint (R. 463-472). In an opinion written by Judge Learned Hand, concurred in by Judges Clark and Patterson, the Court held that the common law property rights, if any, of the manufacturer and of the recording artist terminated with the sale of the records and were not preserved by the restrictive notice on the record labels; that the manufacturer could not by placing a notice on a record restrict its use after sale, thereby creating a right in himself not afforded by the copyright statutes and greater even in scope and effect than that

given by such statutes; that broadcasting te records without the consent of the manufacturer andrecording artist did not constitute unfair competition that the mention of Whiteman's name in broadcastig records of his performances did not invade any right of privacy or property; and that this respodent was not guilty of a tort in inducing Bruno-Nev York to violate its distributor's agreement with petioner.

The opinion of the Circuit Court of Apeals is printed at pages 463-472 of the Transcrit and is reported at 114 F. (2d) 86. The opinion o the District Court is printed at pages 438-450 of he Transcript and is reported at 28 Fed. Supp. 787

Argument.

I.

The decision of the Circuit Court of Appeals is not in conflict with applicable local decisins nor is it in conflict with the decision of anotler circuit court of appeals.

The issues presented by this case, in so fir as they affect the rights of this respondent, are al matters of local law. They concern: (1) the existenre of common law rights of property in the manufacurer of a phonograph record and the recording artist arising from their respective contributions to the finished record, a right assumed, though not decided, by the Circuit Court of Appeals to exist and hence not before the Court upon this petition; (2) the effect of sale of a record in the ordinary channels of trade upon the common law right assumed to exist in the manufacturer and in the recording artist; (3) the effect of the restrictive notice on labels of some of the

records; (4) the extent and scope of the doctrine of unfair competition; and (5) the right of petitioner to injunctive relief against this respondent for inducing Bruno-New York to breach its distributor's contract with petitioner.

Petitioner contends that the Circuit Court of Appeals decided all these issues without proper regard to decisions deemed by it controlling on the issues before the Court. These decisions, it contends, present a conflict warranting the issuance of a writ of certiorari by this Court. These contentions are unsound. The decision below is amply supported by the cases cited by the Court in its opinion as well as by a host of others set forth in the brief of this respondent below. The cases cited by petitioner, with the single exception of *Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433, 194 Atl. 631 (1937), are all distinguishable upon the facts. They present no conflict of applicable local law nor does the decision below conflict with the decision of another circuit court of appeals on the same matter.

Waring v. *WDAS Broadcasting Station*, *supra*, does establish the law of Pennsylvania with regard to the rights of recording artists to be contrary to the decision of the Court below. That case, however, failed to give proper regard to the provision of the Constitution of the United States which gives the Congress the exclusive power to protect the works of authors and inventors by grants of limited monopoly, a consideration deemed by the Court below to be of utmost importance. The Court below decided that the *Waring* case did not represent the law in jurisdictions other than Pennsylvania. It gave effect to the *Waring* decision, recognizing that it made broadcasts received

by radio sets in Pennsylvania a tort against the recording artist, but decided that this alone did not justify an injunction affecting broadcasts which reach other states as well as Pennsylvania. Petitioner does not contest this portion of the decision below. The *Waring* case can, therefore, afford no basis for claim of conflict of applicable local law.

a. The Circuit Court of Appeals correctly decided that any common law property right of the record manufacturer or of the recording artist was lost by the sale of the records in the ordinary channels of trade.

Petitioner contends that the decision below in its holding that the rights of the recording artist which allegedly passed to petitioner by assignment and operation of law were lost by sale of the records in the ordinary channels of trade, is in conflict with the decisions in *Waring* v. *WDAS Broadcasting Station*, *supra*, and in *Waring* v. *Dunlea*, 26 Fed. Supp. 338 (E. D. N. C., 1939), and further that the decision in its holding that petitioner's own alleged rights were so lost, is in conflict with the decisions in *International News Service* v. *Associated Press*, 248 U. S. 215, 240 (1918), *Fonotipia Limited* v. *Bradley*, 171 Fed. 951 (C. C., E. D. N. Y., 1909), and *Donaldson* v. *Becket*, 4 Burr. 2408.

Waring v. *WDAS Broadcasting Station* has already been considered, *supra*, p. 4.

Waring v. *Dunlea* involved facts very different from those before the present Court. In that case the records (electrical transcriptions) were not sold on the open market or, indeed, sold at all. Hence, there was no publication and the Court properly so held.

International News Service v. *Associated Press* is a case involving unfair competition and is considered *infra*, p. 8.

Fonotipia Limited v. *Bradley* is a District Court decision in the Second Circuit. It is not in conflict with the decision below, but, if it were, it must be deemed to that extent overruled.

Donaldson v. *Becket*—if construed as establishing a doctrine that common law copyright, unfettered by statutory copyright, is perpetual and survives publication—has never been law in this country, since such a doctrine is in conflict with Article I, Section 8, clause 8 of the Constitution which confers on the Congress the power to promote the progress of science and the useful arts, by securing "*for limited times*" to authors and inventors the exclusive right to their respective writings and discoveries.

b. The Circuit Court of Appeals correctly decided that the restrictive notice placed on certain records did not prevent loss of petitioner's alleged common law rights upon sale of the records and was invalid as an attempted servitude.

Petitioner does not urge, among its reasons for granting this petition, that the part of the decision below which deals with the invalidity of the restrictive notice as an attempted equitable servitude presents any conflict with the decisions of other courts. (Petition, pp. 6-10.) Point III of its brief (pp. 19-21) is, therefore, ill advised under Rule 38(2) of this Court. Furthermore, an examination of the cases therein cited shows that no conflict is presented.

Oregon Steam Navigation Co. v. *Winsor*, 87 U. S. 64 (1874), was an action between the original parties to a contract, and did not involve the right of a subsequent purchaser to use a chattel.

Bitterman v. *Louisville & N. R. Co.*, 207 U. S. 205 (1907), is one of the "ticket-scalper" cases.

General Talking Pictures Corp. v. *Western Electric Co.*, 304 U. S. 175, 305 U. S. 124 (1938), was an action for patent infringement and turned upon the fact that the restricted device was not manufactured under the patent since the manufacturer was licensed to manufacture and sell only for non-commercial use and, therefore, the use of the infringing article was in itself an infringement.

Independent Wireless Telegraph Company v. *Radio Corporation of America*, 269 U. S. 459 (1925), involved only a point of practice as to joinder of parties.

Dickerson v. *Tinling*, 84 Fed. 192 (C. C. A. 8th, 1897), was a case of patent infringement.

P. Lorillard Co. v. *Weingarden*, 280 Fed. 238 (W. D. N. Y., 1922) and *In Re Waterson, Berlin & Snyder Co.* v. *Irving Trust Co.*, 48 F. (2d) 704 (C. C. A. 2nd, 1931), are, respectively, a District Court case in the Second Circuit and an earlier case of the Circuit Court of Appeals for that Circuit and, in so far as they may be inconsistent with the decision below, must be deemed overruled.

Werderman v. *Société Générale d'Electricité*, 19 Ch. D. 246 (1881), involved a charge on a patent, and *Lord Strathcona Steamship Co.* v. *Dominion Coal Co.* (1926) A. C. 108, the rights of a charterer where the ship was afterwards sold.

c. The Circuit Court of Appeals correctly decided that this respondent's broadcast of petitioner's records did not constitute unfair competition.

Petitioner contends that the decision below is in conflict with the decision of this Court in *International News Service* v. *Associated Press*, 248 U. S. 215 (1918), and cases following that decision. The cited case for years has been viewed as laying down a limited doctrine applicable only to its own facts. This Court has recognized this on at least two occasions—first, in denying certiorari in the case of *Cheney Bros.* v. *Doris Silk Corp.*, 35 F. (2d) 279 (C. C. A. 2nd, 1929), cert. den. 281 U. S. 728 (1930); and, second, in *Reichelderfer* v. *Quinn*, 287 U. S. 315, 319 (1932), where the *Cheney* and *Associated Press* cases were cited in juxtaposition, both with approval.

Surely, if the *Cheney* case did not present a conflict warranting the grant of a writ of certiorari, no such conflict can be found between this case and the *Associated Press* case.

d. The Circuit Court of Appeals correctly decided that relief against this respondent could not be predicated upon petitioner's contract with Bruno-New York.

Petitioner does not contend in its petition that a conflict with decisions of other courts has resulted from the holding below that relief against this respondent could not be predicated upon its having induced a breach of petitioner's contract with its distributor, Bruno-New York. In its brief, however, it urges that the decision is in conflict with *Lumley* v. *Gye*, 2 El. & Bl. 216, *Heath* v. *American Book Co.*, 97 Fed. 533 (C. C., W. Va., 1899), and *Sperry & Hutchinson Co.* v. *Mechanics' Clothing Co.*, 128 Fed. 800 (C. C., R. I., 1904).

A reading of these cases will disclose that an entirely different subject matter was involved.

II.

Since the petition sets forth no conflict with applicable decisions it should be denied.

This suit, as stated by petitioner (Brief, p. 11), was instituted "to establish the right of petitioner to *control* the radio broadcast of phonograph records produced by it". Petitioner, as well as others in the industry, have long sought legislation to this end before Congress. Having failed there, it now seeks to invoke the aid of the courts.

Although the Constitution of the United States confers upon Congress the power "to promote the progress of science and the useful arts, *by securing for limited times* to authors and inventors the exclusive right to their respective writings and discoveries" (Art. I, Sec. 8, cl. 8), petitioner claims that a record manufacturer, without Congressional enactment, possesses at common law a right greater than that conferred by Congress upon authors under the copyright statutes—a right indestructible and existing in perpetuity—and seeks to evade Congressional denial by a judicial extension of the doctrine of unfair competition.

Petitioner has no social motives at heart. It wants to make money. Today there are but three major producers of phonograph records. Two of them, petitioner being one, are subsidiaries of vast and powerful radio chains. Petitioner seeks to dominate broadcasting stations without restriction through a control over the broadcasting of records upon which it knows the industry is dependent, and it seeks to exact the last

possible ounce of tribute from the industry. If the decision below is not allowed to stand, huge unrestrained monopolies will be set up in these vast and powerful radio chains and the very existence of every independent broadcasting station will be threatened.

Congress, by refusing to enact the requested legislation, has decided that the equities of the case do not favor the record manufacturer. It is submitted that the vain attempts of petitioner to monopolize the broadcasting industry without aid of the copyright statutes presents no issue of "public interest" to this Court.

CONCLUSION.

It is, therefore, respectfully submitted that the petition for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit should be denied.

December 6, 1940.

Respectfully submitted.

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(Emphasis throughout is ours.)